

November 19, 1998

Federal Election Commission
999 E Street NW
Washington DC 20463

MUR 4864

Gentlemen:

This complaint refers to the re-election campaign of Senator Christopher Bond of Missouri when he raised campaign funds from MSE, Inc., a business firm in Butte Montana on August 12, 1998.

On that date, Senator Bond met with MSE, Inc., employees and some community leaders. Funds were raised at that event for the "Missourians for Bond" committee in the amount of about \$11,000. The funds were subsequently sent to the committee in Missouri and the checks cashed.

Donald Peoples, CEO of MSE, Inc., organized a number of the contributors and all the significant contributions came from MSE, Inc., employees. Senator Bond serves on Senate committees dealing directly with appropriations for MSE, Inc., conducted research and services. In this same time period several million dollars of funds were appropriated through Senate subcommittees Senator Bond chairs for MSE, Inc.

I am making the following complaints to the Federal Election Commission at this time.

Senator Bond's fund raising in Butte Montana was clearly political extortion.

Donald Peoples conduct in raising funds for Senator Bond as leader of MSE is clearly political bribery.

Whether the conduct of either is unlawful is the question for this Commission.

Senator Conrad Burns of Montana has raised the question of whether Senator Bond was traveling on public funds. I am asking you to investigate about whether public funds were used in any way for the August 12, 1998, fund raising effort in Butte, MT.

Was there any connection between the large campaign funds to Senator Bond and the almost immediate and subsequent funding of MSE, Inc. projects by Senator Bond's committees in the United States Senate?

Were any of the contributions made by MSE, Inc., employees to Senator Bond based on pressure from Donald Peoples or MSE, Inc. on the contributors, and were any of those contributions to Senator Bond reimbursed by MSE, Inc., or any other organization or person, directly or indirectly, or were promises made to reimburse the contributions in any form in the future?

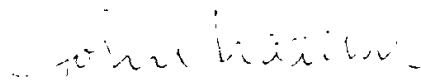
I have discussed these facts with the Office of the Attorney General in Montana through Mr. Mark Murphy, who suggested that the Federal Election Commission was an appropriate forum for this complaint with the jurisdiction to study the questions involved and make appropriate decisions.

Since August 12, 1998, when the fund raising event by Senator Bond occurred in Butte, MT, there have been a number of indications that the reimbursement of contributions was a part of the plan by Donald Peoples. I will forward that information as it is developed and detailed for your consideration.


I am a registered voter in Butte Silver Bow County, living at 646 West Galena, Butte MT. 59701-1508, telephone e-mail john1@in-tch.com.

Thank you.

Respectfully,


John Isaacson

Subscribed and Sworn to before me on this 19th day of November, 1998.


Notary Public

Notary Public

Commission Expires

Campaign fund-raising

\$10,000 gift to MSE benefactor raises eyebrows

By JOHN STUCKE
of *The Montana Standard*

An influential senator from Missouri who helps direct millions of taxpayer dollars to MSE Inc. toured the Butte business in August and collected \$10,000 for his bitterly contested Show-Me state re-election campaign.

With a solicitation basket at the door awaiting campaign contributions, U.S. Sen.

Christopher "Kit" Bond spoke to about 35 MSE officials and leading Butte Republicans on Aug. 12 during a sirloin steak luncheon at Lydia's Restaurant.

MSE president Don Peoples described it as a politics-as-usual affair, but Bond's relationship with the company has drawn double takes from campaign-finance watchers.

"What you have seen is how the game is played," said Larry

Makinson, executive director of the Washington D.C.-based Center for Responsive Politics.

He called the MSE fund-raiser a case study for how politics work.

Bond, seeking his third term, is a member of the Senate Appropriations Committee — the panel holding the purse strings for federal-dollar dependent companies such as MSE.

Furthermore, Bond is chairman of the Veterans Administration, Housing and Urban Development and Independent Agencies subcommittee, a body that just this summer voted specifically to

include about \$7.5 million for several MSE projects such as hypersonic wind tunnel research and the heavy metal and mine waste program.

"We do this kind of thing routinely,"

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■ CUSTOMER SERVICE

In Butte: 496-5500 or
Toll free: (800) 877-1074

MSE ...

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tinely," Peoples told The Montana Standard. "We have to support members of Congress who support us."

He said Bond came to Butte at the invitation of MSE, not the other way around.

"He is a key member of Congress, and came here by himself, stopping over on a flight to Seattle," Peoples said. "He wasn't here to raise money. He came here at our suggestion."

Regardless, Makinson said the fundamental campaign rules are always the same:

"There are always industries interested in your opinion, and there's no better way than to host a fund-raiser if you want the ear of the politician."

"Members of Congress are faced with an unending fund-raising treadmill ... always afraid of a mythical millionaire challenger," Makinson said.

That's why politicians tap captive audiences like MSE officials to put money into campaign savings.

"You saw it right there in Butte and it's probably the best return (MSE) will ever get," he added.

Makinson's nonprofit center is not a campaign-finance reform engine. Instead, it is an organization dedicated to compiling campaign collection information for the public.

He pointed out that such profiles are the same for almost every congressional race in the country.

"We're not in the business of reform, but

"He is a key member of Congress

.... He wasn't here to raise money. He came here at our suggestion."

Don Peoples, president, MSE

you'll find a lot of people who think this isn't the best way to fund an election," Makinson said.

Bond's five-hour stopover in Butte coincided with a visit from Conrad Burns, Montana's Republican senator who serves with Bond on the VA, HUD and Independent Agencies subcommittee.

Contacted Thursday morning, Burns recalled the luncheon but did not see a handful of MSE officials penning checks. Most gave \$750. One woman gave \$300. Peoples and MSE financial manager William Robinson each dropped \$1,000, according to campaign contribution records obtained from the Missouri Ethics Commission.

Bond is locked in an tough re-election fight against Jeremiah "Jay" Nixon, Missouri's attorney general.

"I found out about the lunch about a day or so before it happened. I did it as a courtesy," said Burns, who originally hails from Missouri. "I know Kit had been wanting to get to Butte for awhile because of MSE."

He said subcommittee chairmen often take trips to places that have exceptionally

big expenditures.

"Those trips happen. They must happen, because that's the only way someone can go to look, see and feel," Burns said.

He added, however, that elected officials need to be careful that their taxpayer-financed fact-finding tours don't overlap with campaign fund-raisers.

"When traveling at the expense of the American people, we need to be very cautious about that," he said.

Mick Ringsak, a former Burns campaign coordinator in Butte, said he gave \$100 to Bond.

He recalls an invitation from Peoples for lunch with a note saying attendees were welcome to give.

Despite his donation, Ringsak was critical of why Bond came to Butte.

"I'm not fond of it," he said. "But it seems logical to me under the process that exists why he was here."

He is a backer of the "Can't Vote, Can't Contribute" camp, a belief that politicians only can raise money from people eligible to vote for them. "If you had something like that, this kind of crap wouldn't have happened," he said. "That's what is driving the politics, and contributions is what drives legislation in this country."

Even though MSE may benefit under the good graces of Bond, Peoples said he is just playing by the established rules.

"Until they change the political process," Peoples said, "that's our position. To get a guy like Kit Bond re-elected."

■ For more information on campaign contributions, visit www.crp.org

Sen. Bond reaps the rewards of incumbency as influence helps fill his campaign war chest

Support for business gives executives reason to donate

BY TERRY GANEY
AND TIM POOR
of the Post-Dispatch

Sen. Christopher "Kit" Bond raised a quick \$10,000 in campaign contributions this summer from executives of a Butte, Mont., company that later got \$1.5 million in federal funds through a committee that Bond chairs.

While the contributions were only a small fraction of the \$4.5 million that Bond, R-Mo., has spent so far this year in his bid for reelection, they provide a clear example of how easy it is to raise money if you're a senator with federal spending clout.

Donald R. Peoples, the president and chief executive officer of MSE Inc., arranged the fund-raising luncheon in Butte that Bond attended in August.

"Sen. Bond chairs a subcommittee and a good part of the funding for our operation comes through his committee," Peoples said.

Bond heads the Senate appropriations subcommittee that writes legislation controlling spending for housing, veterans affairs and independent agencies like NASA and the Environmental Protection Agency.

This year's spending measure included a \$1.5 million appropriation specifically for MSE. A committee report said the money will "allow the continuation of ongoing research and development projects on high-priority aerospace technology."

Committee staffers said the mon-

ey is part of a five-year, \$7.5 million award to the company for a variety of research projects aimed at making space launches cheaper and more commercially practical for private companies. The spending is part of a growing debate over what role the government should play in encouraging private space flight.

The Senate passed the overall spending bill July 17. Although it was not part of the administration's request or the House version of the bill, the money for MSE was included in the final measure worked out in the House-Senate conference, of which Bond was a member.

President Bill Clinton signed the \$93.4 billion measure on Wednesday.

MSE Inc. was founded in 1974 as a technology and applied engineering company. It has 400 employees, 250 of whom work at its Butte facility. The company does testing for federal agencies such as the EPA. According to Peoples, it gets about \$30 million a year through federal contracts.

Peoples said he invited Bond to tour the company's facilities in Butte, and that the fund-raising luncheon was held afterward.

"We wanted to have him take a look at the good work that's being accomplished with the money that's appropriated by Congress," Peoples said.

Between 35 and 40 people attended the luncheon for Bond at Peoples' invitation. There were two levels of contributions — patron

contributions of \$100 and sponsor contributions of between \$500 and \$1,000. Peoples and 12 other executives and employees of MSE and its subsidiaries were sponsors. Eleven of them contributed \$750 each and two donated \$1,000 each. Altogether, Peoples and 12 other company officials gave \$10,250 to Bond's campaign.

Peoples said the executives were not coerced into making contributions.

"They all know the value of our relationship with the Congress, and to a person they support their candidate," Peoples said. He said there was nothing untoward about what happened — that it happens in political campaigns all over the country.

"We support candidates who are of the same persuasion," Peoples said. "I like the things Sen. Bond does and his approach to government. He is a strong supporter of small business."

David Israelite, Bond's campaign manager, said the trip to Butte was part of a West Coast fund-raising swing. "Anyone who gives Kit money, it's because they think he's a good senator," Israelite said.

In addition to the money from Montana, Bond got other campaign contributions from defense and aerospace contractors who depend on Bond's committee for much of their income.

On July 31, five executives of Thiokol Propulsion Co. in Ogden, Utah, contributed \$5,000 to Bond's campaign. The company's political action committee had already given \$3,000. Thiokol makes the engine boosters for the space shuttle; the spending bill also included \$4 million for studies of a rocket booster system on which the company is working.

Contributors closer to home also

saw Bond help send tax dollars their way.

They include Boeing Inc. and ESCO Electronics, two defense contractors who have counted on Bond's help to win appropriations on defense spending. Each company's political action committee has contributed heavily to Bond's campaign.

Getting campaign contributions from companies who do business with the government is not illegal, or even very unusual. And Bond has steered plenty of money to projects whose benefactors did not contribute to his campaign.

But the MSE fund raising is the kind of activity that gives ammunition to those who call for reforming the nation's system of funding political campaigns. Bond opposed the McCain-Fengold bill, which was the senate's key campaign finance reform bill.

One of those who attended the Bond fund-raiser said what was done in Bond's behalf was typical but that reform was needed.

"The only way to clean up the system is public funding of elections," said Elton Ringsak, a Butte shoe store owner who contributed \$100 to Bond. "What happened here is modern politics. Not only Sen. Bond is doing it. The whole process needs to be addressed and reformed because the way we raise money for campaigns in America is not appropriate or proper."

Ringsak said he attended the Bond event because he was a political supporter of Sen. Conrad Burns, R-Mont. — also a member of Bond's subcommittee — and because Ringsak thought MSE had done good things for Butte.

Burns, who was born in Missouri, and attended the University of Missouri, also attended the fund-raising event for Bond.



Bond

ST. LOUIS POST-DISPATCH

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